

PX 430

From: Breanne Madigan <[REDACTED]@ripple.com>
Sent: Friday, July 17, 2020 11:39 AM
To: Brad Garlinghouse
Cc: Ron Will
Subject: XRP purchases - results and path forward
Attachments: XRP Markets Weekly Presentation - 2020-07-17 (1).pdf

Hi Brad-

The topics left to discuss are the results of the XRP purchase program and recommended path forward. This is covered on slides 11-14 of the attached deck.

I have asked [REDACTED] to arrange 15 mins Mon/Tues to discuss live.

Alternatively, if you've already read through and agree / prefer not to meet, we can always cancel given your hectic schedule pre-board mtg.

Pls just lmk your preference!

Best,

Breanne

----- Forwarded message -----

From: **Breanne Madigan** <[REDACTED]@ripple.com>

Date: Fri, Jul 17, 2020 at 11:32 AM

Subject: Weekly XRP Markets Meeting - Materials

To: [REDACTED]@ripple.com>, [REDACTED]@ripple.com>, Brad Garlinghouse
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All,
Please find attached the materials for discussion during today's weekly XRP Markets meeting. Look forward to discussing shortly!

Best,

Breanne

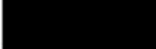
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Breanne Madigan
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Weekly Presentation
XRP Markets



Agenda

1. Executive Summary
2. Digital Asset Market Update
3. XRP Inflation
4. XRP Purchases / XRPO Plan



Executive Summary

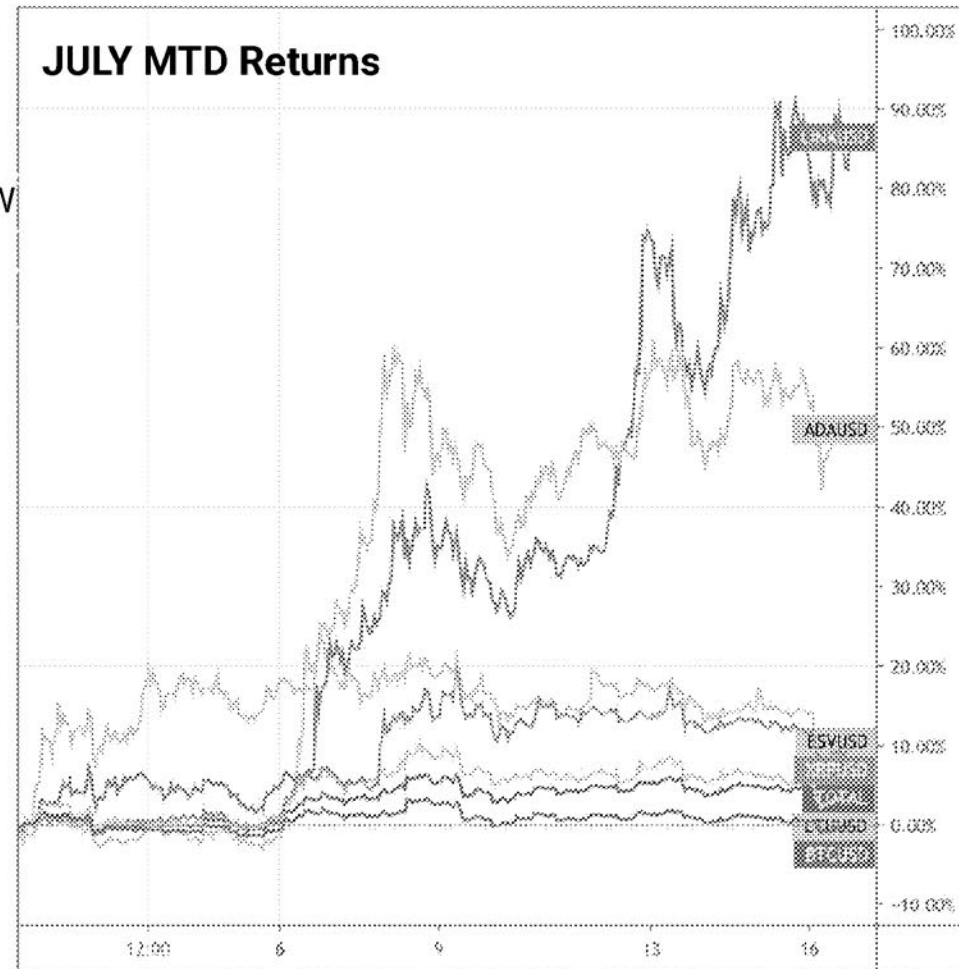
- Overall digital asset market cap fell 2.8% WoW
 - **YTD +41.8%**
 - **BTC -2.4% Wow, YTD +26.6%**
- XRP price fell -5.3% WoW - currently \$0.192 (as of 11am ET Thursday)
 - **YTD -0.6%**
 - **XRP/BTC ratio fell from 0.0000223 to 0.0000211 on the week**
 - *"On the OTC side the larger macro type clients have been absent, but, the retail flow seems to have shifted to selling XRP"* - B2C2 in reference to Monday into Tuesday
- XRP volumes +22.6% WoW (\$281.6M vs \$229.6M -CCTT)
 - **YTD: \$318.1M vs FY2019: \$242.2M**
- Social Listening: Conversation volume increased 12.9% WoW, with trending mentions focused our interview with Ed Metzger, CTO of One Pay FX at Banco Santander and Chris' NYT profile
 - Volume of Total FUD was 9.5k total mentions, a 11.4% decrease from the previous week.
- TOP XRP Utility Initiatives - Update
 - **+40 conversations held; 4 deep dives conducted; 3 Exchanges committing new XRP pairs**

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Digital Asset Markets Update

- **Correlation of XRP vs BTC** moved from 76.9% to 66.9% WoW
- **Correlation of Top 10 vs BTC** moved from 88.3% to 83.2% WoW
- **BTC dominance** decreased from 62.8% to 62.5% on the week
- **Top 10 Non-USDT Digital Asset Return ex-BTC** 2.0% WoW
- **Total Crypto Market Cap** (-2.8% wow) weakened following Thursday's Twitter hack
- **XRP** (-5.3% wow) underperformed other large cap assets after leading the top 5 rally earlier in the week.
- **BTC** (-2.4% wow) continued to trade with relatively low volatility until Thursday's hack. Prices tested \$9k but quickly rebounded
- **ETH** (-4.5% wow) sold off sharply on Thursday. Now the value of ERC 20 tokens surpassed the market cap of ETH.
- **LINK** (+47.1% wow) continued to rally on Nexo PB partnership and growth of DeFi

JULY MTD Returns



Methodology

Correlation based on a 30d returns.

Correlations ran on simple average returns for top 10 (non USDT and BTC assets) vs BTC

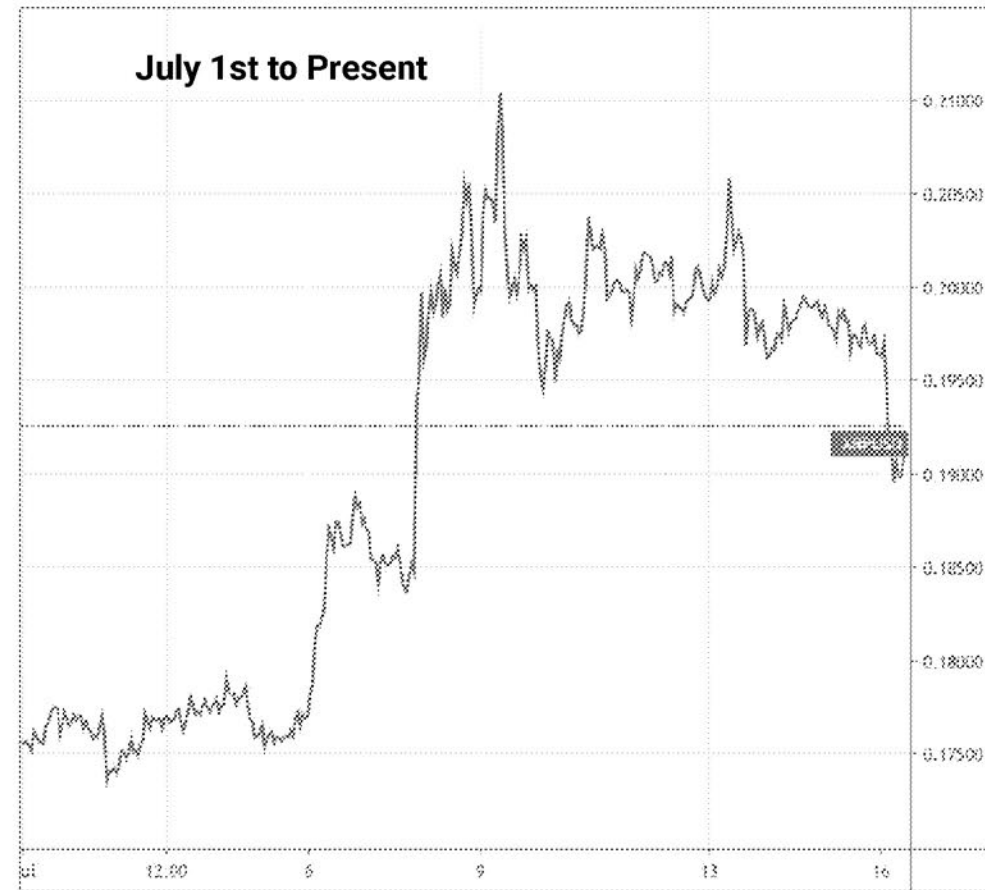
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XRP Update

- **7 Day High** - \$0.211
- **7 Day Low** - \$0.188
- **Correlation to BTC** moved to 83.2% to 88.3% WoW
- **Volatility (30D)** moved to 2.8%, from 3.1% WoW
- **XRP/BTC** decreased to 0.0000211

Main Takeaways

- XRP saw selling after reaching the \$0.21 level
- XRP is hovering at \$0.19, which is the level that led to massive momentum rally following the break
- XRP/BTC fell but remains above the 2100 SAT



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What is Inflation / Purpose of Study

What is inflation?

- From a monetary policy perspective, only the central bank can introduce/withdraw money supply
- Increase in money supply (inflation): Central bank purchases securities and thus increases circulating supply (printing money)
- Decrease in supply (deflation): Central bank sells securities from the balance sheet, taking cash back onto its balance sheet

How does this apply to digital assets?

- Not all digital assets are created equal (proof of work / proof of stake / XRP consensus, etc.)
- No consensus methodology in determining inflation rates across digital assets

Purpose of study:

- Propose intellectually sound framework for calculating digital asset inflation that compares digital assets “apples to apples”



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Revisiting Inflation - 6 Different Methodologies Considered

01 All XRP that was created at the genesis block as circulating supply

04 Consider circulating supply all holdings of XRP other than those of Chris Larsen and Ripple

02 Anything not held by Ripple is circulating supply

05 Include all XRP not held in escrow as circulating supply

03 Methodology 2 minus holdings of Ripple, founders, early investors and early disbursements

06 CoinMetrics methodology adjusting for founding tokens, founding team tokens, tokens inactive for ≥ 5 years, investing tokens, burned tokens, dlost tokens



———— Current Methodology
- - - - Proposed Methodology

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XRP Inflation - Recommended Methodology

Approach

1. Include all XRP not held in escrow as circulating supply
2. XRP released from escrow enters circulating supply
3. XRP placed in escrow is removed from circulating supply

Inflation Rate (June '19 -June '20)

	Proposed Method	Current Method
XRP	3.48%	4.24%
BTC	3.66%	3.66%
ETH	4.57%	4.57%
BCH	3.38%	3.38%

Pros

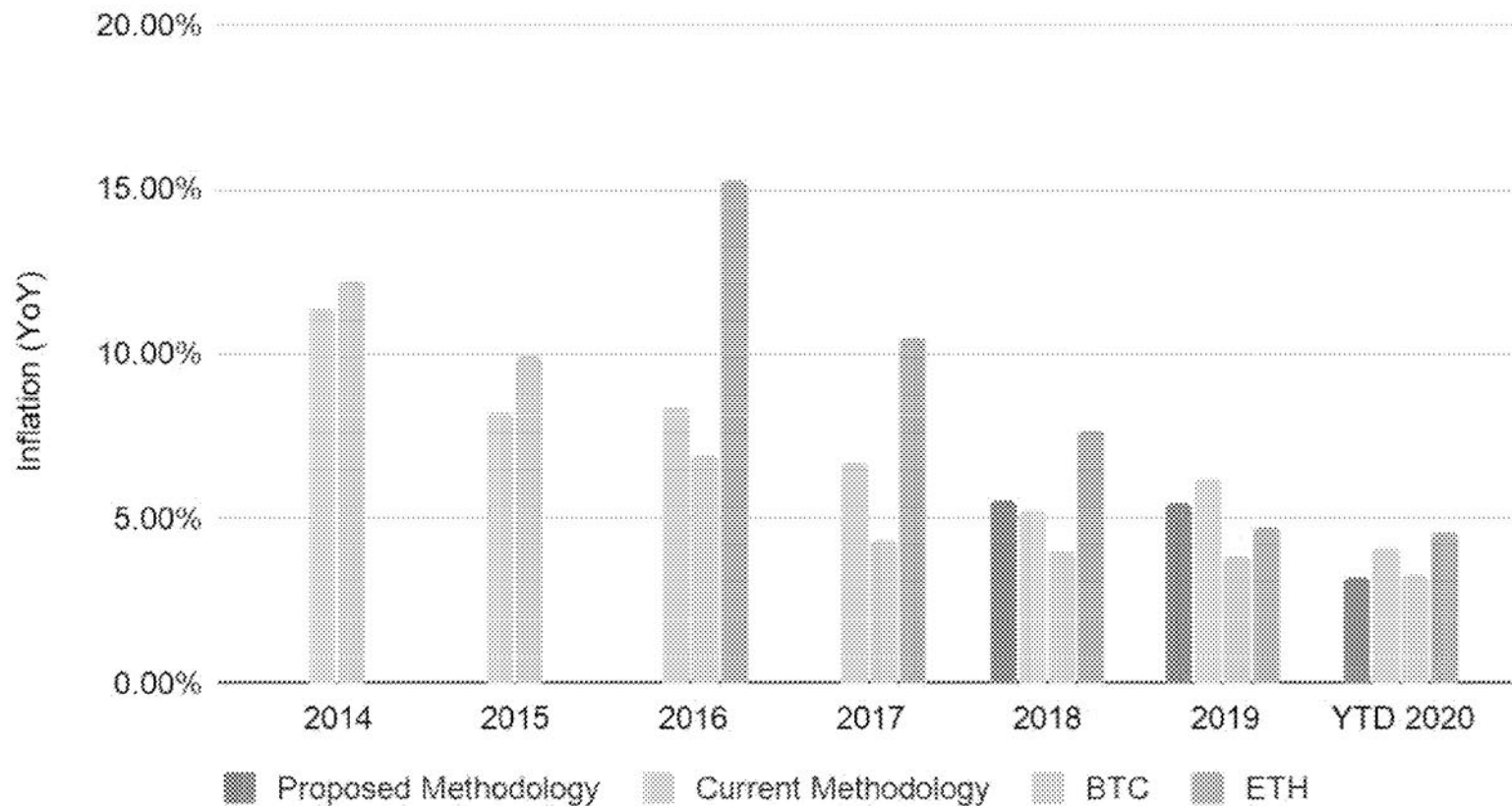
- Analogous to how we think about inflation in the real world
- Makes inflation decisions more programmatic and less discretionary
- Draws a distinction between assets available for sale and assets not available for sale

Cons

- Ripple's role could be perceived negatively vis a vis the "centralization narrative"

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Comparison of Inflation Methodologies



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Inflation Offensive - Publishing Plan

- **RECOMMENDATION: Move forward with Methodology 5 / Escrow-based Model**
- Recruit third-party validation:
 - Crypto markets influencer [REDACTED]
 - University (UBRI partner)
- Publish the paper online, authored by Senad (July 23)
- Call out in Q2 XRP Markets Report (July 23), referencing third-party validation
- Pitch press
- Longer term, secure partner(s) to adopt methodology (e.g. Coin Metrics)

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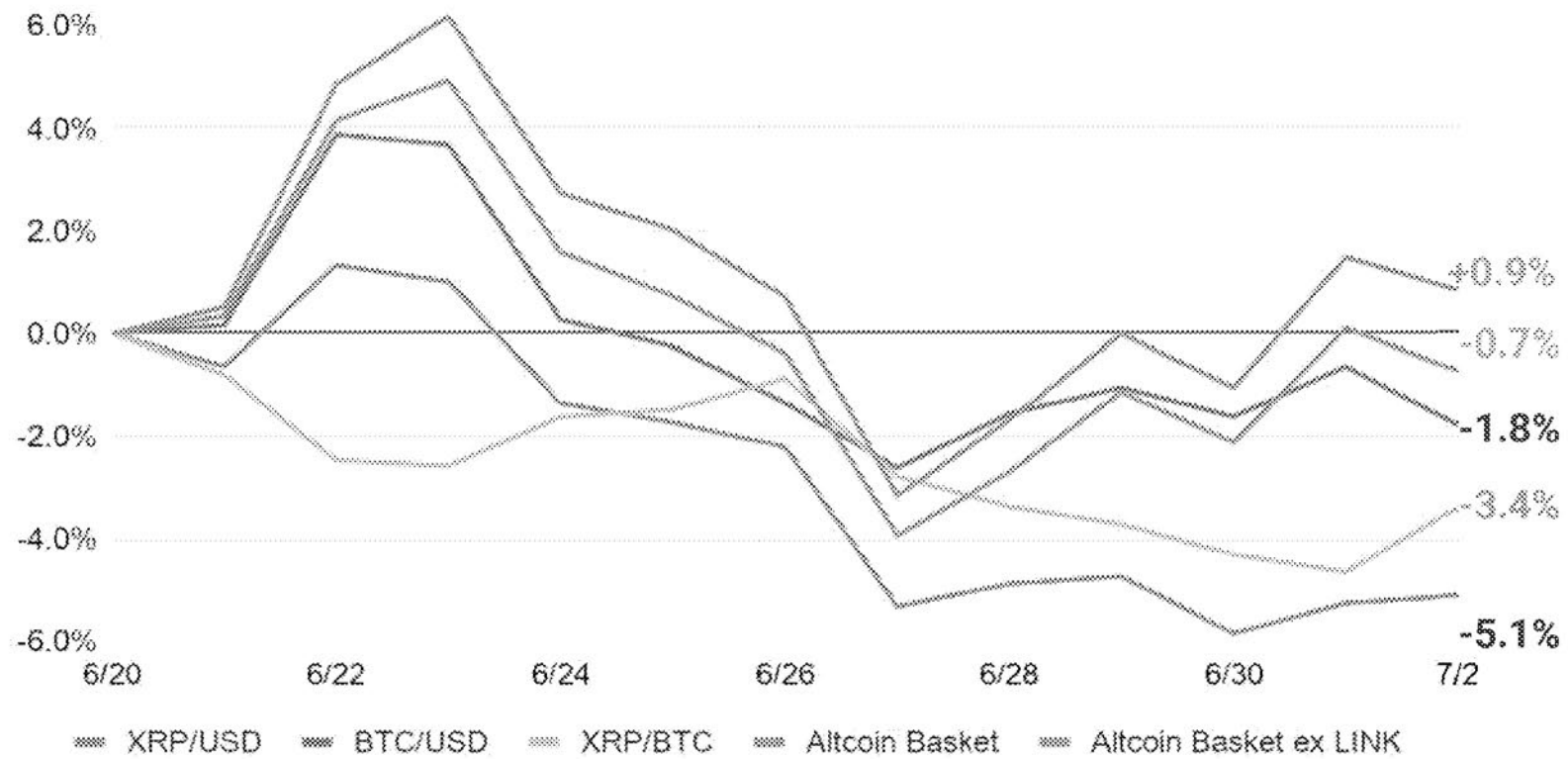
XRP Purchases - Preliminary Observations

- 01 XRP/BTC rallied 10.7% back above 0.00020
- 02 XRP/USD performed in line with altcoin basket (ex LINK)
- 03 No observable negative impact on spreads

	<u>XRP</u>	<u>BTC</u>	<u>Alt-Coin Basket</u>	<u>Alt-coin basket exLINK</u>
6/20 - 7/2				
Average of Daily Returns	-0.39%	-0.13%	+0.09%	-0.04%
<i>XRP over/under performance</i>		-0.27%	-0.48%	-0.36%
Cumulative Return	-5.11%	-1.77%	+0.86%	-0.73%
<i>XRP over/under performance</i>		-3.34%	-5.97%	-4.38%
7/3-7/15				
Average of Daily Returns	+0.66%	+0.02%	+1.02%	+0.64%
<i>XRP over/under performance</i>		+0.64%	-0.36%	+0.02%
Cumulative Return	+11.21%	+0.76%	+17.48%	+11.21%
<i>XRP over/under performance</i>		+10.45%	-6.27%	-0.00%

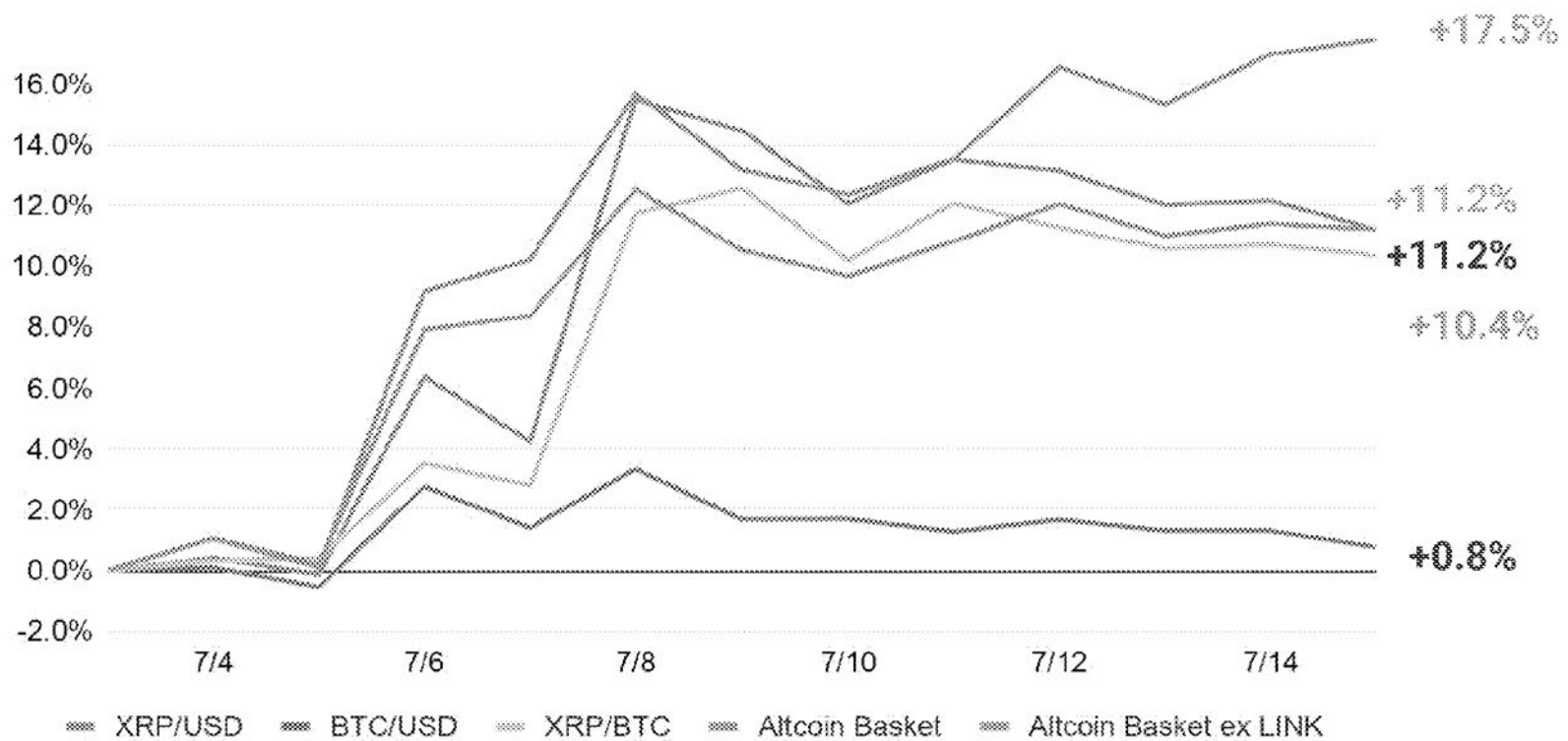
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Cumulative Returns (6/20-7/2)



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Cumulative Returns (7/3-7/15)



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XRP Purchases / XRPO - Recommendations

- Pause purchases for week 3 and observe market dynamics
- Keep existing XRPO constant at \$5.5m USD / week
- Recommend: Begin purchases again on week 4 assuming no concerning mkt dynamics

- **Goal: NET SELL \$100m USD by YE** (for corporate purposes)
- Path will realize \$161m of total XRPO sales by year-end
- Use incremental \$61m cash to purchase XRP evenly over 24 wks =
- **Run rate purchase plan of \$380k/d or \$2.7m/w**

- Meantime, Product/Markets will work together on parallel plans to build functionality into the product to minimize negative market impact

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For Review Prior Meeting



Weekly Market Data Packet

- Market Recap (17)
- Top 10 Digital Asset Performance YTD (18)
- Performance, Market Volumes, Volatility & Rankings (19-23)
- BTC Dominance (24)
- CCTT Volumes as a % of CMC Volumes for XRP, BTC, ETH (25)
- XRP Correlation vs BTC/ETH (26)
- Headlines & Other news (27-28)
- Appendix (31)



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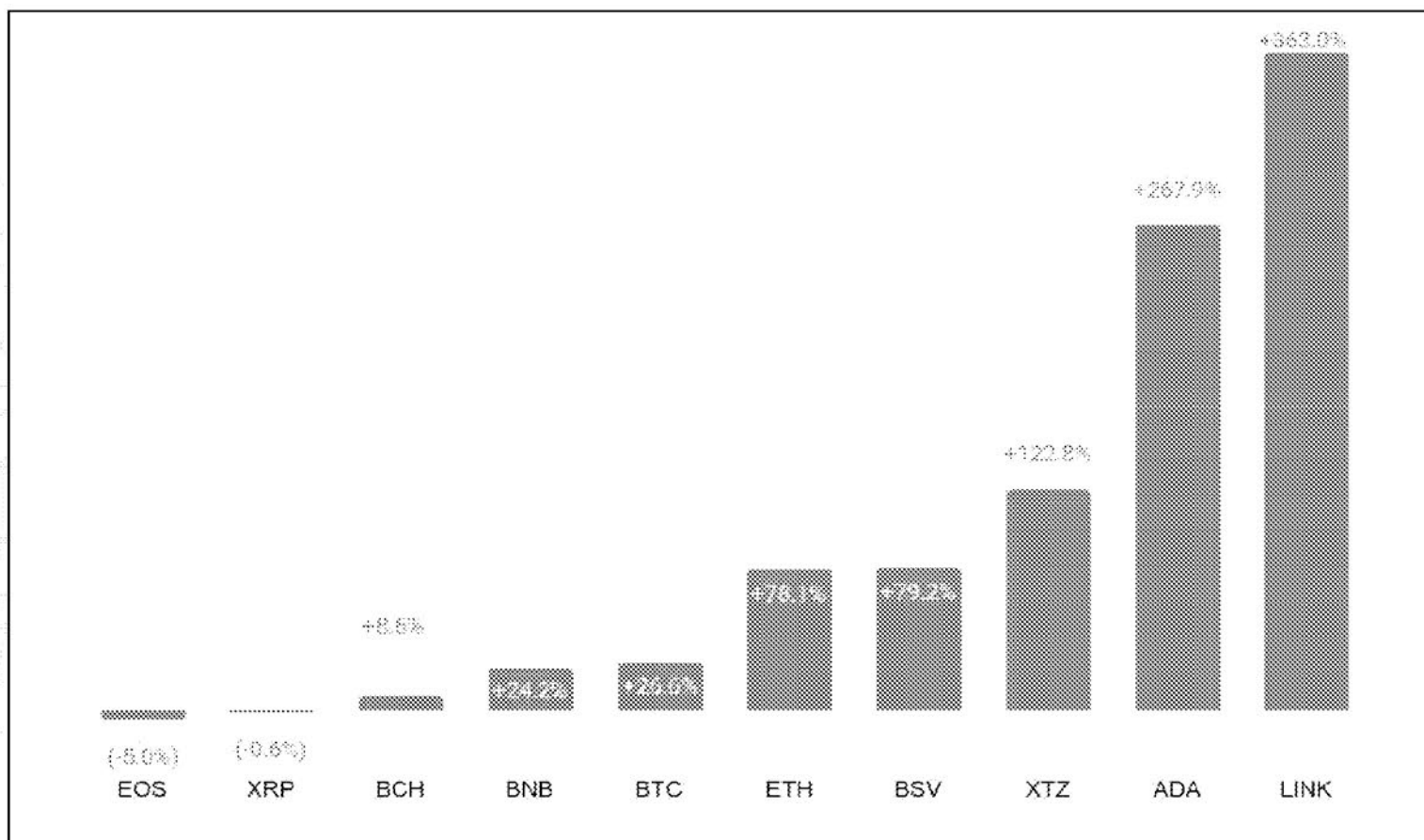
Weekly Market Recap

DATE	07/16/20
Total XRP SALES	
Goal / Actual:	\$N/A ; \$0.0K

- Overall digital asset market cap lost 2.8% WoW
- XRP/BTC ratio fell from 0.0000223 to 0.0000211
- XRP correlation of 30-D returns vs. BTC moved from 76.9% to 66.9% WoW
- BTC dominance decreased from 64.7% to 62.8% on the week

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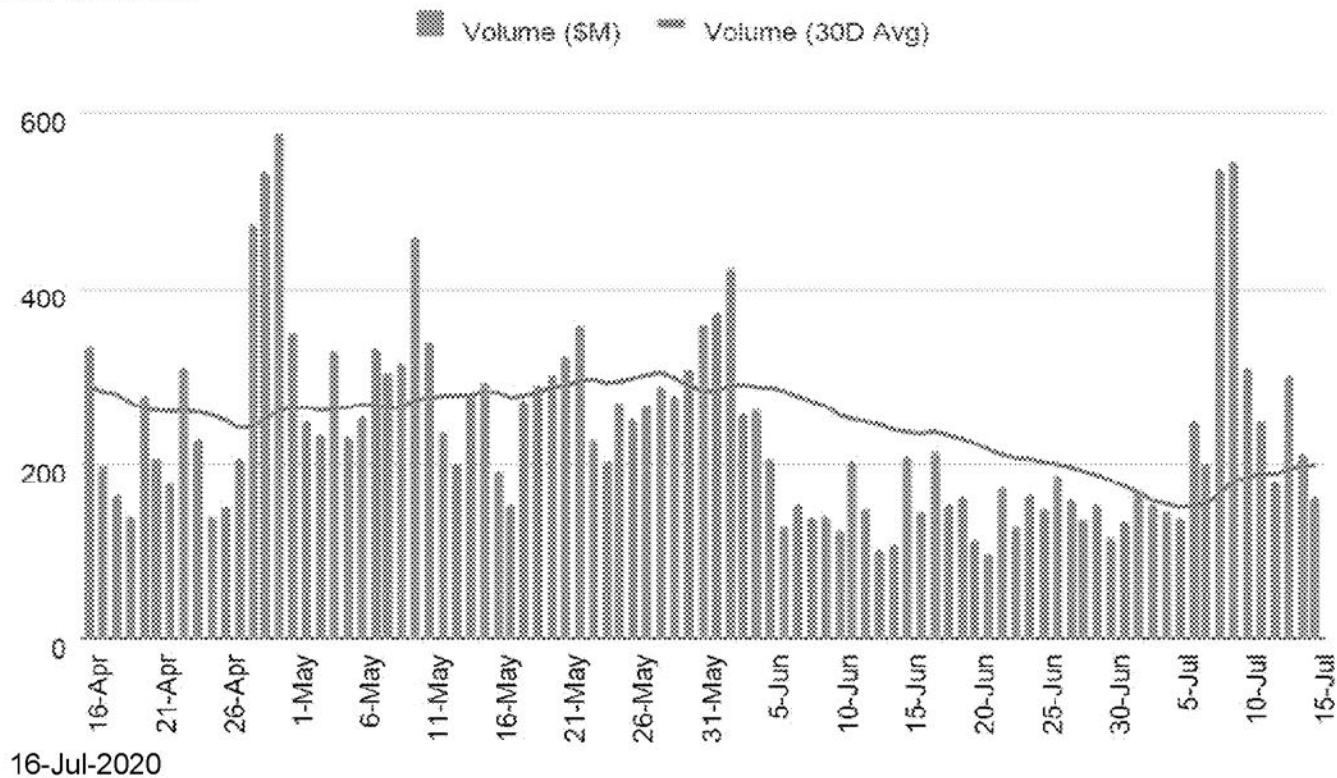
YTD Returns of Top 10 Digital Assets



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XRP Volumes last 90 Days

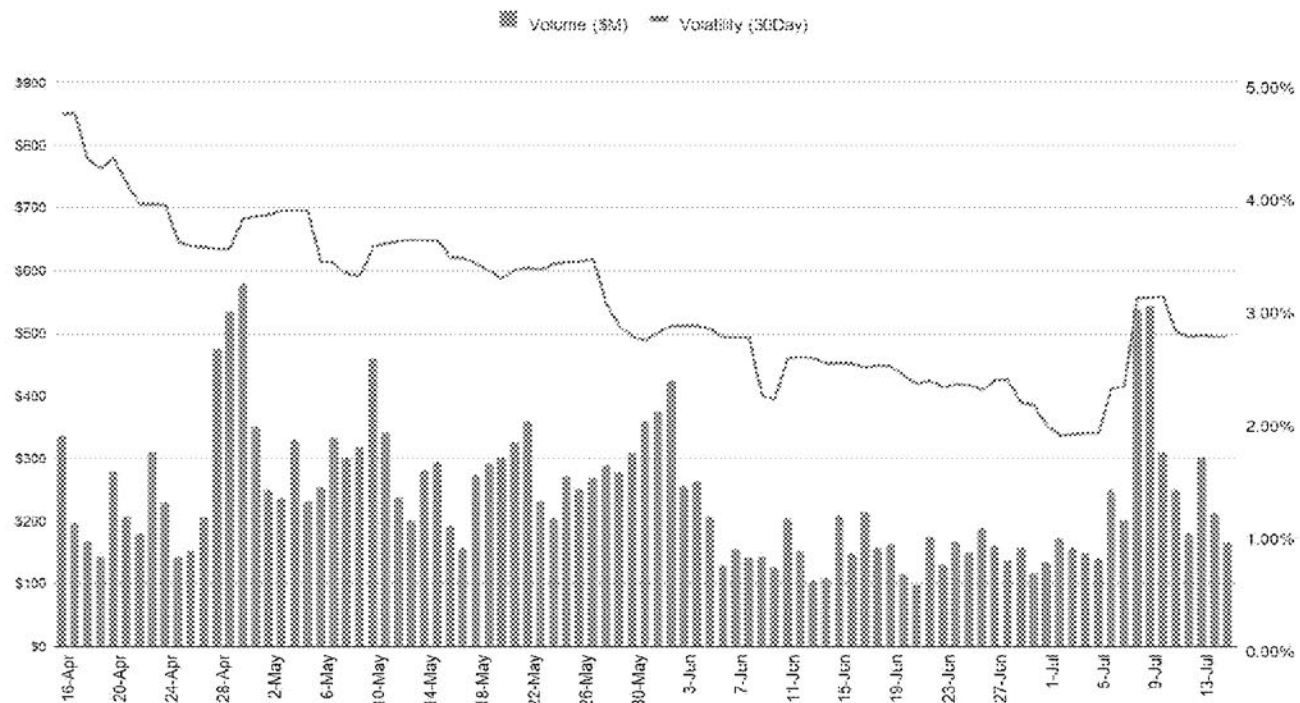
- CCTT XRP volumes avg'd \$281.6M per day this week, vs. \$229.6M per day last week, +22.6%WoW
- The avg of rolling 30D XRP volumes were \$199.9M this week, vs. \$173.4 last week, +15.3%WoW
- YTD XRP Volumes ADV \$318.1M
- 2019 XRP ADV \$242.2M



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XRP Volatility vs. XRP Volumes Last 90 Days

- XRP's rolling volatility of 30-day returns was 2.8%, after coming in at 3.1% last week.
- YTD XRP Volatility is 4.7%

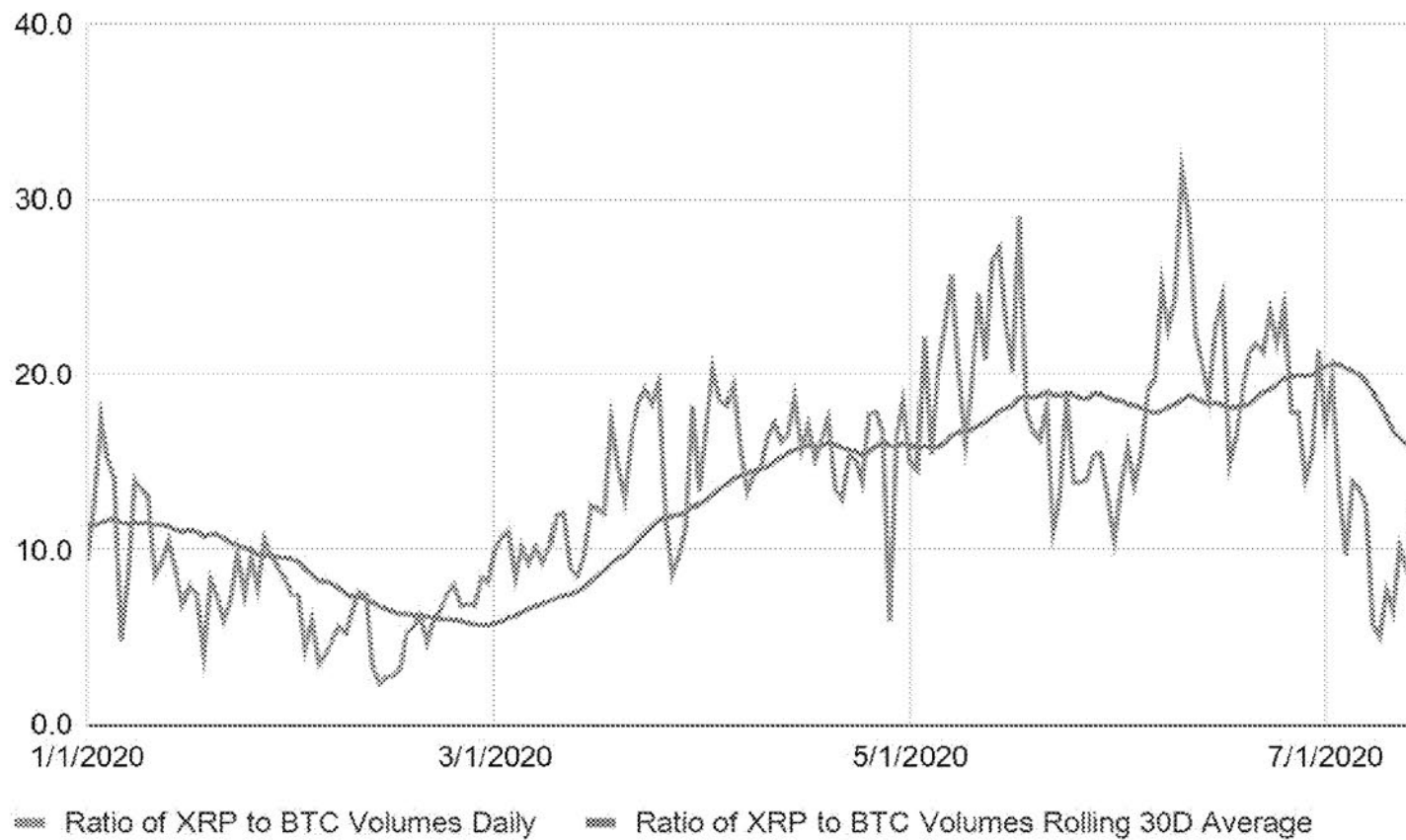


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Relative Volume Comparison, BTC vs XRP



Ratio of XRP to BTC Volumes Daily

Ratio of XRP to BTC Volumes Rolling 30D Average

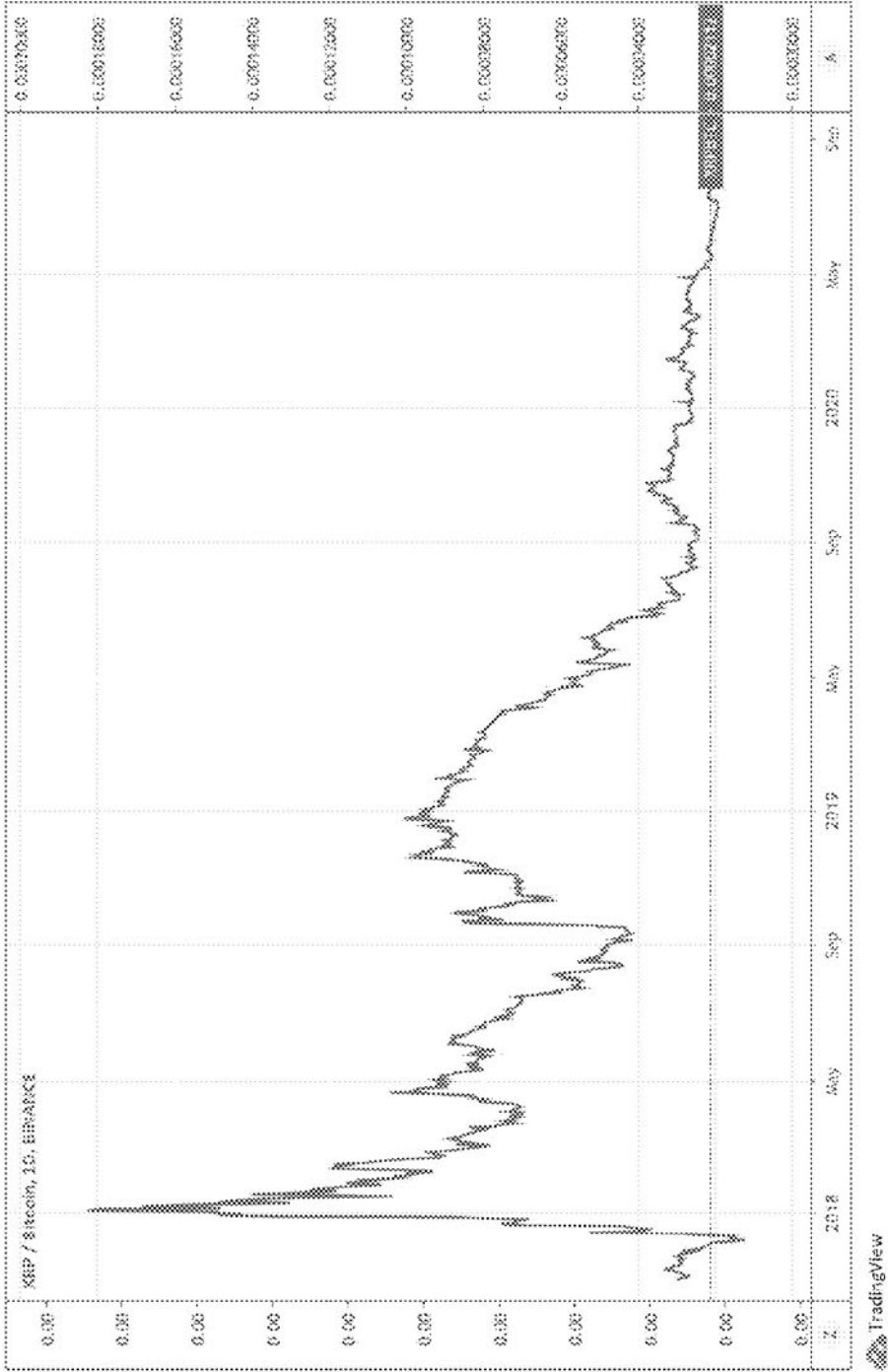


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XRP/BTC Ratio



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Top 15 Digital Asset Exchanges By Reported Volume - CCTT

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul MTD	2019 Average	YTD Average	
Binance	\$39.65	\$53.49	\$64.13	\$50.65	\$52.15	\$44.42	\$28.03	\$34.06	\$42.27	24.10%
OKEEX	\$36.02	\$53.82	\$46.35	\$44.66	\$50.07	\$38.69	\$18.33	\$37.21	\$35.95	-3.37%
Bibox	\$38.68	\$66.91	\$44.54	\$41.80	\$32.10	\$10.30	\$5.41	\$20.58	\$25.75	25.11%
BitMart	\$16.62	\$29.61	\$27.05	\$25.31	\$3.23	\$0.18	\$0.10	#N/A	\$11.15	#N/A
bitmax	\$2.35	\$4.65	\$7.10	\$8.04	\$12.38	\$12.48	\$7.14	N/A*	\$8.00	#VALUE!
Kraken	\$5.57	\$5.50	\$8.00	\$6.35	\$6.56	\$4.18	\$2.09	\$4.51	\$5.02	11.29%
Liquid	\$6.16	\$5.42	\$8.16	\$6.61	\$6.28	\$3.32	\$2.27	\$4.87	\$4.87	n/a
Bithumb	\$5.23	\$6.65	\$6.69	\$5.09	\$5.52	\$4.46	\$2.83	#N/A	\$4.35	N/a
bequant	\$0.00	\$0.00	\$0.00	\$0.00	\$7.18	\$12.88	\$6.91	#N/A	\$4.01	#N/A
ZBG	\$0.73	\$0.66	\$1.00	\$0.62	\$14.59	\$3.09	\$1.02	#N/A	\$3.86	#N/A
Bitfinex	\$4.50	\$5.31	\$7.87	\$4.53	\$3.95	\$2.39	\$1.00	\$5.65	\$3.75	-33.68%
currency	\$0.00	\$0.00	\$0.00	\$0.00	\$6.10	\$10.99	\$11.54	#N/A	\$3.42	#N/A
Upbit	\$4.66	\$6.96	\$5.01	\$3.68	\$4.69	\$3.30	\$1.81	\$6.04	\$3.34	-44.78%
Coinone	\$1.75	\$2.41	\$2.74	\$1.74	\$2.32	\$2.05	\$0.90	#N/A	\$1.77	#N/A
Kucoin	\$1.39	\$1.96	\$1.57	\$1.38	\$1.91	\$1.73	\$1.13	#N/A	\$1.32	#N/A

- The top 5 digital asset exchanges in 2019 were the top 5 asset exchanges based YTD
- Most top 15 exchanges saw increased volumes in 2020 YTD
- **LMAX** and **DSX** launched late 2019 and have both had a very strong start making it to the top 15 list YTD

Monthly Volumes in Billions of USD

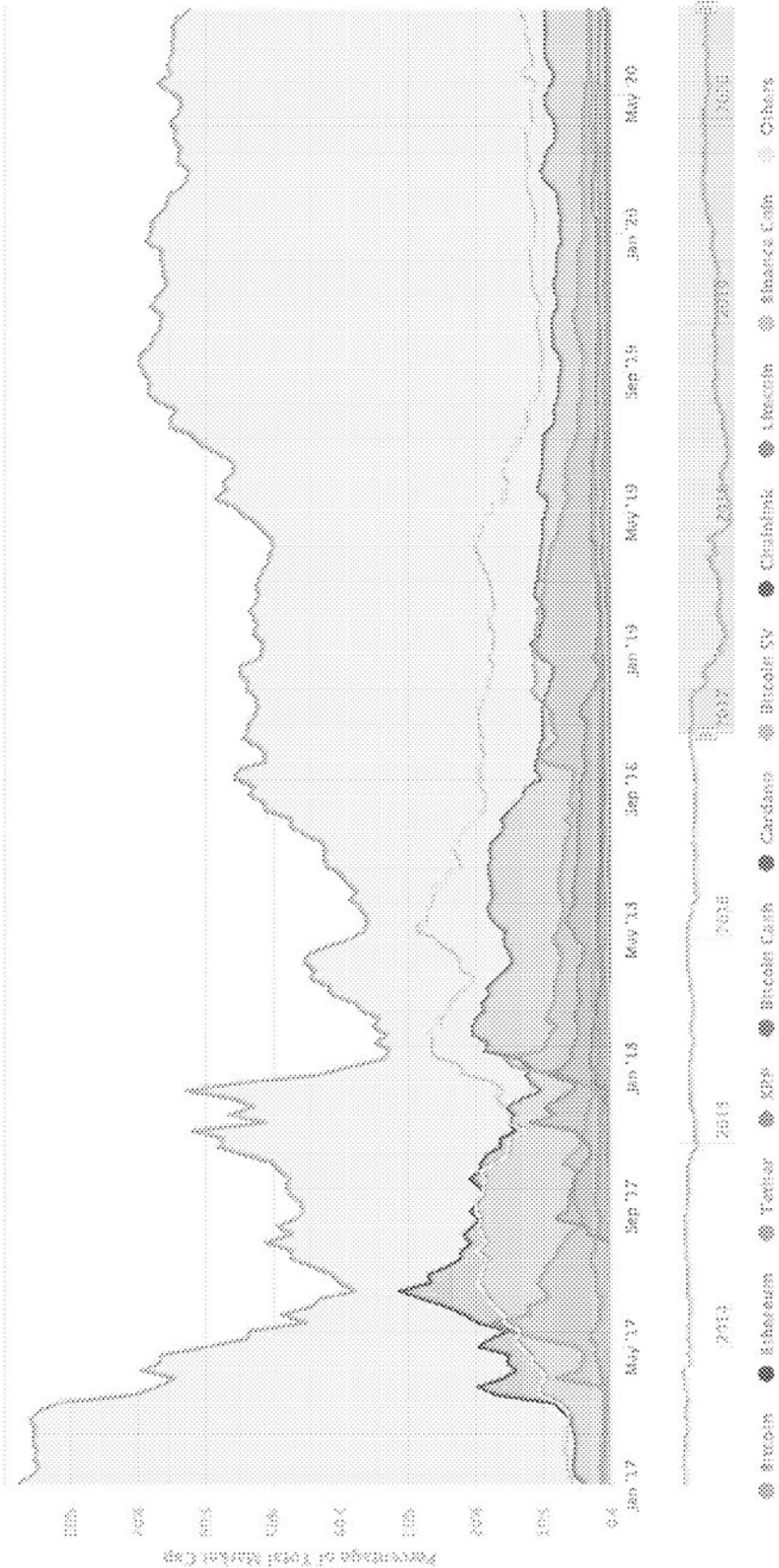


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**Please note Bitmax volumes in July and August are abnormally high due to CCTT calibration

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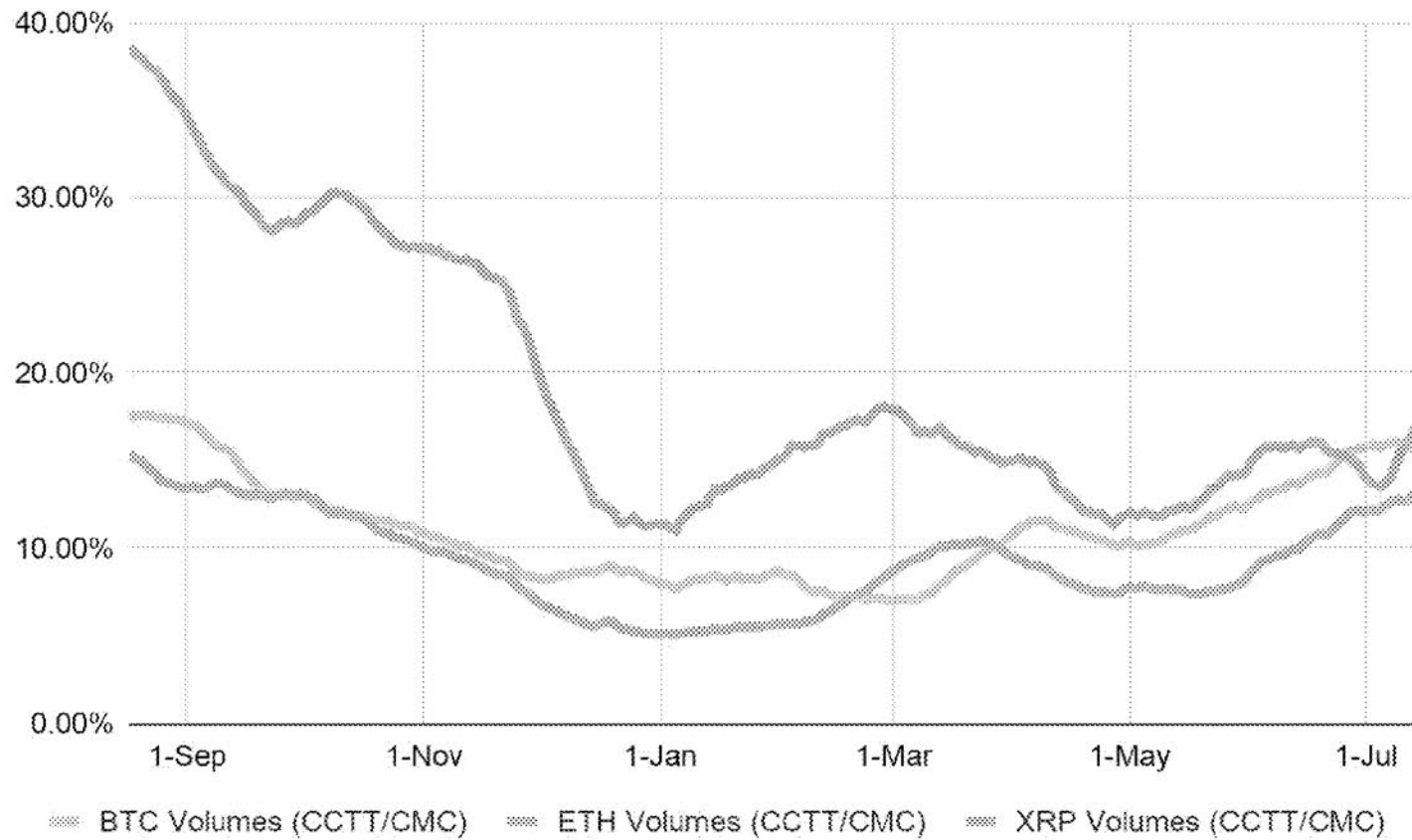
Bitcoin Dominance



- BTC dominance decreased from 62.8% to 62.5% on the week

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CCTT Volumes as a % of CMC Volumes for XRP, BTC, ETH

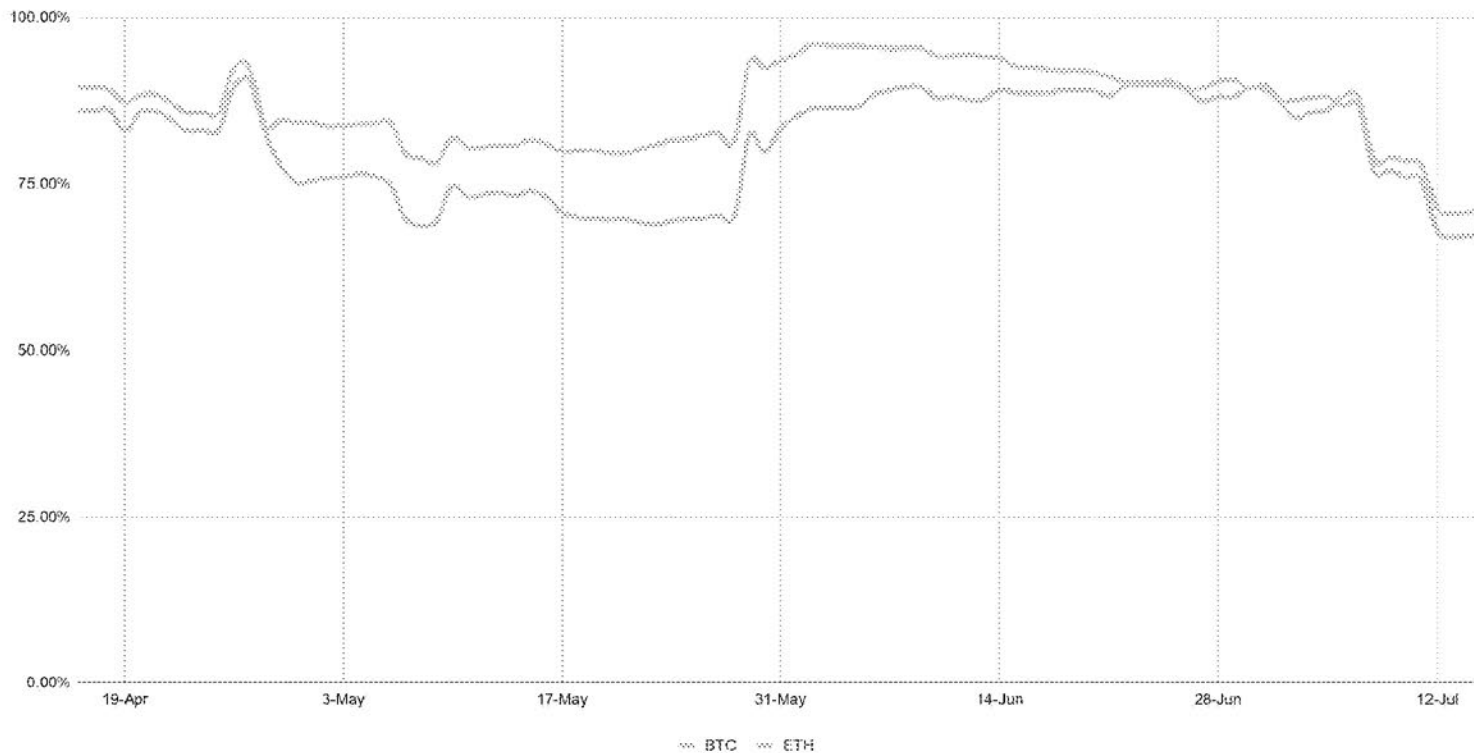


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XRP Correlation of 30 Day Returns

- XRP correlation of 30-D returns vs. BTC moved from 76.9% to 66.9% WoW
- XRP correlation of 30-D returns vs. ETH moved from 78.6% to 70.9% WoW



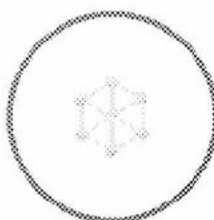
--- BTC --- ETH

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XRP Utility Initiatives - Weekly Update



XRP as Preferred Asset for Traders

- Draft dashboard designed to quantify and monitor success of initiative (on base pairs)
- +45 conversations held with prospects. Deep dives conducted with Kraken, [REDACTED] and [REDACTED] Bitfinex - Liquid, Binance, Bitfinex committing pairs so far and [REDACTED] prime candidate for lending pilot
- Next steps: Identify 2 more exchanges and one lender then build business case



XRP Infrastructure

- [REDACTED] to confirm XRP integration for first week of Aug
- 4 Introductions arranged to 2 AMs
- [REDACTED] evaluating XRP integration
- In-depth reg discussion with [REDACTED]



Asset Management Initiative

- Law Firm giving an opinion on the legal / regulatory implications of the term sheet
- Term sheet being socialized with [REDACTED] this week



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Social Listening Overview

7/6 - 7/16

Top Overall Conversation Trends

Volume of mentions increased by 12.9% WoW.

- Ripple/XRP made up only **0.31% of "Twitter Hack" mentions from 7/15-16**. Of the mentions around Ripple and XRP during the time period (48.8K total), hack convo consisted of **9.3% share of general convo**.
- Ripple's partnership with Banco Santander drove mentions following a video with OnePay FX's CTO Ed Metzger shared on Insights and our corp handle.
- Chris' profile in the New York Times for his efforts in installing security cameras across San Francisco received mixed sentiment, some negative commentary highlighting privacy as a concern.

Top FUD Conversation Trends

Volume of Total FUD was 9.5K total mentions, a 11.4% decrease from the previous week (8.5K total mentions). FUD conversations made up 4.05% of total conversation, compared to the 4.10% of total conversation from the previous week.

- The following convos drove FUD:
 - Speculation that the XRP price would be bearish in the next few months despite positive movements
 - Overexposure to XRP being risky compared to other cryptocurrencies
 - Speculation as to whether XRP is a security
 - Dumping mentions
 - Give-away scams

Upcoming Activities to Drive Education

XRP Utility & Crypto 101:

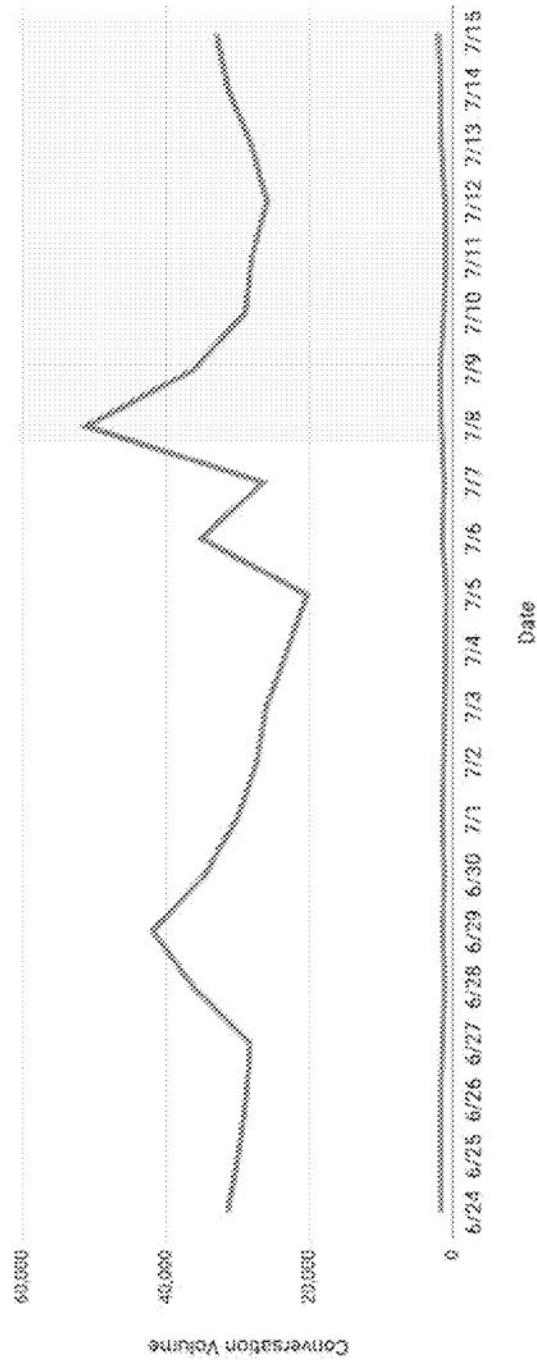
On Campus: "UBRI Supports Critical New Research into Blockchain Anonymity"

Continued promotion of Block Stars with [REDACTED] "How Beanie Babies Show that Digital Assets Need Smart Regulation"

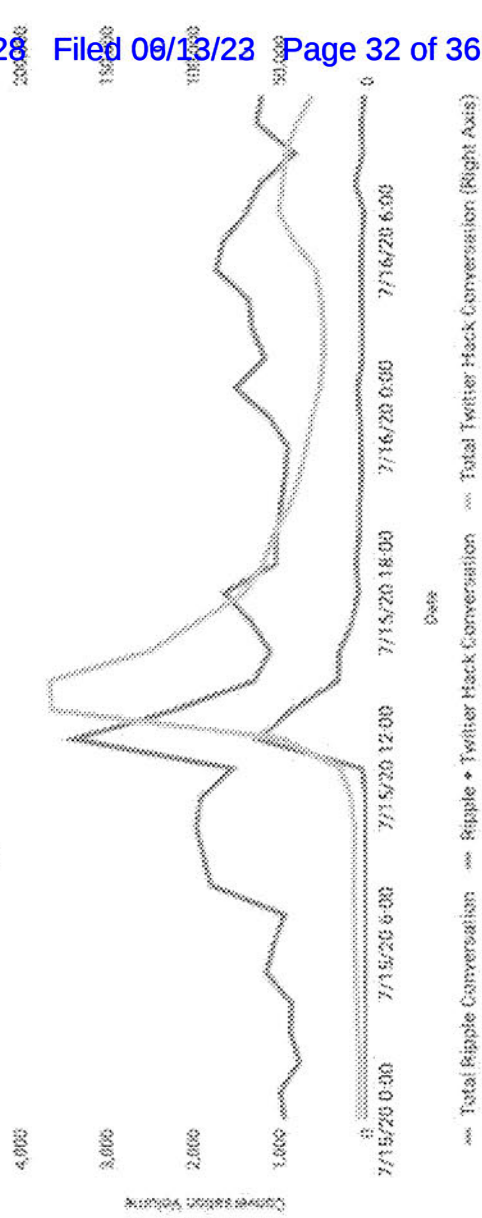
Sustainability

Continued promotion of "The Environmental Perspective: Mining vs. Consensus" by David Schwartz with new related social cards

Ripple/XRP and FUD Conversation Volume



Ripple & Twitter Hack Conversation Volume



Top Headlines

- Coinbase Plans First-Ever Investor Day Amid Talk It May Go Public
- \$1.4B in 'High-Risk' Crypto Flowed Onto Exchanges in H1 2020, Analysis Firm Says
- Is High-Frequency Trading the Reason Bitcoin Has Become Boring?
- UK Fintech Firm Revolut Brings Bitcoin, Ether Trading to US Customers
- Microsoft Partners with Waves to Tokenize Industrial Assets
- PayPal Reveals That It Is Developing Crypto Capabilities
- US Regulators Take Joint Action Against Crypto Firms' Swaps Offering



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Additional Digital Asset Markets News

- [XRP-Related Tweets Hit New All-Time High After 11% Rally](#)
- [Kazakhstan Sets Eyes on Top-3 Spot for Global Bitcoin Mining](#)
- [New York Court Rejects Bitfinex Appeal Over \\$850M in Lost Funds](#)
- [Bitfinex Lists Dogecoin After TikTok Fad Sends DOGE Price Over \\$0.005](#)
- [Accomplice in Alleged \\$722M Bitcoin Ponzi Scheme Pleads Guilty to Charges](#)
- [Drop in Bitcoin 'Whale' Addresses Suggests Market May Be Decentralizing](#)
- [XRP Is The Crypto To Watch Says Vegas Blackjack Pro](#)
- [Singapore's Central Bank Eyes Commercial Role for Its Blockchain Payments Tech](#)
- [Bitcoin Mining Difficulty Sets New Record High 2 Months After Halving](#)
- [G20 Lays Regulatory Groundwork for Accepting Digital Payments](#)
- [Fidelity Holds Over 10% Stake in BTC Mining Firm Hut 8](#)
- [China to Test Digital Yuan on Tencent-Backed Food Delivery Platform](#)
- [Standard Chartered Participates in Jammed \\$18M Round for Crypto Custodian](#)
- [MUFG to Issue Its Own Stablecoin in Late 2020](#)
- [Promoters of Crypto Ponzi Scheme OneCoin Murdered in Mexico](#)
- [Twitter Hack Used Bitcoin to Cash In: Here's Why](#)
- [Swiss Crypto Bank SEBA to Offer Token Securitization on Corda Network](#)
- [OKCoin Joins Coinbase in Supplying Oracle Feed for DeFi Project Compound](#)
- [Gate.io, Huobi Enter Booming Crypto Options Scene](#)
- [Binance Rolling Out Crypto Card for EU, UK Markets](#)
- [Focus on USDT and DeFi as 5-Year Anniversary of Ethereum Approaches](#)
- [Bank of England Considering a Central Bank Digital Currency, Governor Says](#)

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Appendix

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